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SUBJECT: POLITICS SATURATE OPENING OF "FUTURE OF THE AGENCY" DISCUSSIONS

REF: UNVIE 11

**¶1.** (U) Summary: The initial meeting of the year-long, Future of the Agency (FOA) process got off to a disappointing - if predictable - start. Most Member States had not given thought to specific issues and their statements were overtly political and unconstructive. Only the U.S. and Canada offered specific topics for discussion beyond the Agency's "three pillars" of Science and Technology, Security and Safeguards. Now that the opening session is out of the way, there is still hope that substance will creep into subsequent sessions. UNVIE recommends Washington participation in the next meeting on Nuclear Techniques for Development, scheduled to follow immediately on the heels of the March Board (reftel). End Summary.

**¶2.** (U) Finnish Ambassador Kirsti Kauppi chaired the opening session of the "Future of the Agency" process on February 19.

This initial, general meeting was geared toward gaining agreement on the year-long process and raising questions to be addressed along the lines of "what kind of Agency would Member States like to see in the future?" Kauppi reiterated that the FOA process would be open-ended and without any decision-making powers. The final report would be consensus-based, and subsequent discussions would revolve around the "three pillars" of the Agency (reftel). The meeting was well-attended by a cross-section of Member States represented at the ambassadorial level.

**¶3.** (U) Once the parameters had been agreed, the remainder of the meeting was characterized by a series of rote statements that highlighted long-standing differences in priorities between developed and less developed Member States. The majority of interventions by G-77 Member States focused on various aspects of Technical Cooperation (TC), the need for predictable TC funding, and the importance of treating TC as an equal "pillar" of the Agency with "balanced treatment." Some of the more aggressive G-77 statements (Iran, Cuba) lamented the public characterization of the IAEA as a "nuclear watchdog" agency (instead of, presumably, an "atoms for peace" agency or "atoms for development" agency). Iran and Cuba also made calls for nuclear disarmament (though the issue clearly lies outside the IAEA's mandate).

**¶4.** (SBU) Iran became particularly problematic as the day wore on, suggesting that the IAEA had been "forced" into exceeding its mandates in the area of safeguards. Egypt cryptically suggested that "some states" wished to deny the spread of nuclear technology (perhaps a reference to a deadlock at the previous Board of Governors meeting over a Syrian TC project). The tone of the discussion, never particularly enthusiastic, dampened progressively toward the end of the day.

¶5. (U) Contributions by major-donor Members were more wide-ranging. Canada's thoughtful intervention urged other Members to help the IAEA become a world leader on nuclear technology, while scaling back support for mature technologies and out-dated roles. Canada also spoke in favor of TC, but called for timely results and a shift from project implementation to norms-setting. Perhaps anticipating future budget discussions, Canada suggested finding ways to include both TC and Nuclear Security programs in the regular budget (septel). Canada admitted that the IAEA was well-run "by UN standards" but that it lacked focus, transparency and accountability. (Note: Canada has also expressed privately the view that DG succession might lead to improved management. End note.) Germany also delivered a thoughtful statement in favor of fuel assurances, and decoupling Cuba's links between non-proliferation and disarmament. The U.S. was the only Member State to move deliberately through the year's scheduled discussions and proposed specific topics.

¶6. (U) Ambassador Kauppi, apparently unfazed by the highly-stylized and political interventions of the day, determined to move the FOA process forward. In a side conversation, she mentioned that the first topical meeting in the process, Nuclear Techniques for Development, would be the "true test" of Member States' seriousness. The meeting follows immediately on the heels of the March Board (tentatively scheduled for March 5). Mission invites Washington's contributions in the lead-up to and in the course of the meeting.  
SCHULTE